

SENATOR PLUMB.

His Great Currency Speech of 1888, to Which Republicans Dare Not Refer.

[A correspondent requests the publication of Senator Plumb's remarks upon the contraction of the currency, and we present here a few paragraphs from his speech in the United States senate March 27, 1888. The question before the senate was a house bill providing for the purchase of outstanding government bonds by the secretary of the treasury. To this bill Senator Plumb offered as an amendment an additional section providing among other things that whenever the circulation of any national bank, or any portion of it, should be surrendered, that the secretary of the treasury should be required to issue an equivalent amount of United States treasury notes to take their place in the circulation of the country. The following are some of the points made by Senator Plumb in support of this amendment.—Ed.]

For years the national bank circulation, and so the volume of money outstanding in the United States, has been declining. The population has increased, business has increased, but the currency with which that business is to be transacted has diminished each year during the last five years; and yet the finance committee of the senate and the similar committee in the other house, and all those whose special privilege it has heretofore seemed to be to take care of these questions, have proposed nothing whatever—not one single measure for the purpose of keeping up the volume of the currency and nothing to increase it in accordance with the increasing needs of business. Here is a proposition which is put forth as something which is to relieve the existing stringency, which is to diminish the surplus in the treasury, which is to add to the volume of the circulating medium, of which it cannot be said with knowledge that it will perform one single thing of that which it is assumed on its face it will do.

Mr. President, I should like to know from the chairman of that committee what the committee proposes as a substitute for the national bank circulation, which has shrunk during the last year over 30 million dollars, and which, in all human probability, during the coming year will shrink more than 30 million dollars more, and which under the operation of this bill will probably shrink at least 50 million dollars. Does that committee have in view any remedy for this extraordinary state of affairs?

Mr. Morrill—I will say to the senator that we have several bills in the committee which have been considered, but not yet fully completed, and we propose to report upon them at the earliest practicable day.

Mr. Plumb—But this contraction of the currency, by means of the retirement of national bank circulation, has been going on for more than ten years, and all the committee has to say now is that it has considered some bill, but it is not yet completed. If the committee will not complete some measure, the senate must. If the senate will not, and if the other house will not, then the country is going upon the breakers of financial disturbance. As a senator says in my hearing, it is there now. I think it is there now. We are dealing with a question which has more to do with the welfare of the people of the United States, which is of more concern to them than any other thing that is pending in either house of congress, or which can be pending—the volume of the circulating medium of the country, the value of its property, the difference between debt and bankruptcy, on the one hand, and freedom from debt and prosperity on the other.

It is estimated that there are in circulation, including that which is locked up in the treasury and held in banks as a reserve fund, about 1,600 million dollars

of all kinds of currency of the United States, gold and silver, the overplus of gold and silver certificates, greenback notes and national bank notes, all told, and there are more than 60 billion dollars of property which must finally be measured by this volume of currency. It has been contracted during the last year more than 5 per cent. in addition to all that has occurred by reason of abrasion and loss. No man can tell the volume of greenbacks outstanding. Nominally it is 346 million dollars and a fraction, but that volume has been subject to all the accidents which have occurred during the past twenty-five years, whereby money has been consumed, worn out, lost, and it is doubtful if the amount is really over 300 million dollars to-day.

But saying nothing about that, the retirement of the national banking circulation during the past twelve months has been 5 per cent. of the total amount of currency outstanding. There has been during that period a phenomenal depreciation of the prices of property. There has been the greatest depreciation of the price of agricultural products the country has ever known.

The contraction of the currency by 5 per cent. of its volume means the depreciation of the property of the country 3 billion dollars. Debts have not only increased, but the means to pay them have diminished in proportion as the currency has been contracted. Events based upon non-legislation have proved of advantage to lenders, but disastrous to borrowers.

The proposition which I have made here is simply that we shall do with reference to the volume of the national banking circulation substantially what we did in regard to the volume of the greenback circulation. We arrested the policy of the treasury whereby the greenback circulation was being diminished, and we said that after the date of the law which we passed in 1878, known as the Ford bill—that from and after that date the volume of currency should remain exactly as it was then; that whatever dollars of greenbacks the treasury took in it should pay out, and not destroy as it had been doing.

In 1884 I moved this amendment in substance to a then pending measure reported by the finance committee, providing that whatever the volume of paper money then was, it should be maintained at, by giving to the secretary of the treasury authority to issue greenbacks to take up, to fill the void then impending, and which we have since seen would have met the subsidence of the national banking circulation. That amendment received eleven votes in this body. Since that time the national banking circulation has shrunk more than 60 million dollars. If such an amendment as this had been adopted at that time, the paper money in circulation in the United States would now be 60 million dollars greater than it is, and a large portion of the shrinkage in the value of the property of this country, of the paralysis which rests upon its business, would have been obviated, as I believe.

It is late to propose it again, perhaps, but better late than never, and I propose it in view of the fact, as stated by the chairman of the committee, that nothing of this kind is practically pending in that committee, and that committee has no design whatever to propose any measure which shall arrest this contraction of the currency and let the country go on and on with increasing needs and yet with a diminished quantity of money for the transaction of business until the worst shall come to the worst. And that hour may not be

long delayed, Mr. President. It may arrive at any time. We have deluded ourselves with the belief that because we have had an abundance of currency in the banks of New York there was an abundance of money everywhere, which is an entirely misleading state of fact. The abundance of money in New York testifies to nothing except the subsidence of stock speculation. There is a great shrinkage in the west. In all the producing regions of the country there is great lack of the money necessary to carry on business, and we have a right to look to the finance committee of this body to propose some measure which shall relieve this condition of things.

The measure which I propose does not add to the volume of the currency, as it ought to do. It is a conservative measure. It simply provides that whatever that volume is to-day, as it relates to the paper money, it shall be maintained; it shall not be diminished. It is applying the same thing in practice, though different in form, that we applied in 1878 to the greenback notes. We ought at least to do that much.

If those who guide the finances of the country, if those who by their familiarity with them and their prominent relation to the subject heretofore, are prepared to offer nothing now of an affirmative character, calculated to give back to the country the currency of which it has been deprived, they ought at least to be willing to say that where this contraction of the currency is now it shall stop; that is, it shall go no farther.

The senator from Delaware (Mr. Saulsbury) the other day spoke with great feeling about the mortgaging of farms in this country. So far as that complaint relates to agricultural condition, to the lack and to the short-comings of legislation, it is more nearly related to the diminished volume of currency than to any other one thing.

The treasury department is in active partnership with the national banks. The secretary of the treasury has loaned to these banks over 61 million dollars of the public funds instead of buying bonds and saving interest. He has chosen to do this, and up to date the banks have been willing to receive money. It cost them nothing and they could loan it to the people for current rates of interest. But now the banks have got to a point where they are declining, I understand, to receive any more public money on deposit, because they believe the money liable to be called for at any time, suddenly and in bulk, and those of them who have read history know that in the only other period when such a partnership was entered upon it proved disastrous to the banks, disastrous to the government and disastrous to the people. Meanwhile the secretary has given to the banks the use of funds which has yielded them not less than 5 million dollars which the people have paid, and has failed to save to the treasury at least half that sum which he could have done by purchasing bonds.

Even if this bill should pass, the secretary might decline to obey its mandates, as he has the one of the same tenor now on the statute books. There is, therefore, grave doubt of the propriety of its passage.

But whether the bill passes or not, the great question of the volume of the currency of this country is left to take care of itself. The administration recommends nothing, and the finance committee does nothing.

Mr. President, if there is urgency for anything, it is for wise legislation upon the currency question. My amendment ought to be put upon this bill specially



GARLAND STOVES AND RANGES
The World's Best

You can easily have the best if you only insist upon it. They are made for cooking and heating in every conceivable style and size for any kind of fuel and with prices from \$10 to \$70. The genuine all bear this trademark and are sold with a written guarantee. First-class merchants everywhere handle them.

THE MIDLAND STOVE COMPANY,
LARGEST MAKERS OF STOVES AND RANGES IN THE WORLD
DETROIT, CHICAGO, BUFFALO, NEW YORK CITY.

because it is a house bill. It, therefore, offers an opportunity to have the house pass upon it directly, which will not come if it were put upon either of the other bills which have been mentioned here, because they are senate bills.

But the finance committee, as heretofore and always, does not mean that any legislation adding to the volume of the currency, or any measure which replaces the currency which has been taken from the people, shall ever be adopted. That committee intend to obstruct and prevent everything of this kind. That committee is moved by impulses, by determinations, by theories, which are opposed to any increase in the volume of the currency and equally opposed to anything that stops its contraction.

Mr. Morrill—The senator from Kansas, so far as I am concerned, speaks entirely out of the book. He does not know anything about it, so far as I am concerned.

Mr. Plumb—I appeal from the word of the senator from Vermont to the record of his committee; I appeal to the action of that committee on this floor whenever this question has come up. I say that that committee, with all the determination of its able and determined chairman, with all the determination of the former secretary of the treasury, now a member of the committee, with all the determination of that influence which has controlled the financial policy of this country for the last thirty years, and controls it yet, the control of bondholders and money-lenders, has resolved that nothing shall be done which shall operate to make the burdens of the people lighter by increasing the volume of the currency or even by preventing further contraction.

These facts are shown by the character of the opposition offered to this amendment. It is not debated upon its merits. The senate is asked to vote it down without debate—upon the pretense that it does not belong to a bill of this kind. Mr. President, it is in order; it is germane; it is highly important, and without it the bill might just as well never be passed.

So far as I am concerned, I intend, as I said before, to move this amendment, or one similar to it, to every bill which that committee proposes. I do not expect to make any impression on the indurated hide of the finance committee, but I do hope to arouse the senate; I hope to arouse the country to the non-action which has characterized congress for the last fifteen years upon this very important subject. We have sat here during that time and seen the volume of the currency contract by reason of

Continued on page 12.